

VZCZCXRO8338
RR RUEHCHI RUEHDT RUEHFK RUEHHM RUEHKS RUEHLN RUEHMA RUEHNAG RUEHNH
RUEHPB RUEHPOD
DE RUEHHI #0537/01 1290950
ZNR UUUUU ZZH
R 080950Z MAY 08
FM AMEMBASSY HANOI
TO RUEHC/SECSTATE WASHDC 7767
INFO RUEHHM/AMCONSUL HO CHI MINH 4682
RUEHZU/ASIAN PACIFIC ECONOMIC COOPERATION
RUCNASE/ASEAN MEMBER COLLECTIVE
RUEHZN/ENVIRONMENT SCIENCE AND TECHNOLOGY COLLECTIVE
RUEHRC/DEPT OF AGRICULTURE WASHINGTON DC
RUEHPH/CDC ATLANTA GA
RUEAUSA/DEPT OF HHS WASHINGTON DC
RHMFIUU/DEPT OF ENERGY WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC
RHMFIUU/CDR USPACOM HONOLULU HI

UNCLAS SECTION 01 OF 05 HANOI 000537

SENSITIVE
SIPDIS

STATE FOR EAP/MLS, EAP/EP, OES/EGC, OES/STC
STATE PASS TO USAID FOR ANE, G/ENV, EGAT/ESP (CHIP BARBER)
STATE PASS TO EPA/OIA (DENNIS CUNNINGHAM AND MARK KASMAN)
STATE PASS TO NOAA/NOS/OIA (JONATHAN JUSTI)
HHS/OSSI/DSI PASS TO HHS/OGHA (WSTIEGER, LVALDEZ, CHICKEY) AND
NIH/FIC (RGLASS)
CDC FOR SBLOUT, KMCCALL, JGERBERDINE, MCOHEN
USDA FOR FOREST SERVICE/INTERNATIONAL PROGRAMS (CYNTHIA MACKIE AND
KELLI YOUNG)
BANGKOK PASS TO RDMA

E.O. 12958: N/A

TAGS: [SENV](#) [ENRG](#) [ECON](#) [TBIO](#) [KGHG](#) [VM](#)

SUBJECT: POSSIBILITIES FOR USG COLLABORATION WITH VIETNAM ON CLIMATE
CHANGE

Ref: A. Hanoi 108 B. 07 Hanoi 1869 C. Herrup 4/8/08 e-mail

HANOI 00000537 001.2 OF 005

1. (U) Summary: Vietnam's unique position as a growing emitter facing imminent and serious impacts from climate change makes it a particularly attractive partner for collaboration with the United States. The Intergovernmental Panel on Climate Change (IPCC) warned that Vietnam will be one of the countries most severely affected by climate change. At the same time, Vietnam's greenhouse gas emissions will continue to grow at extremely high rates and it is quickly joining the ranks of major developing nation emitters. The Government of Vietnam (GVN) has made a firm commitment to addressing climate change and, with World Bank and UNDP support, has already begun drafting a comprehensive national action plan. Efforts to assist Vietnamese climate change adaptation and mitigation can make a difference now, when it has just begun in earnest the process of ramping up industry and power generation. Though we understand that available funding and resources may be limited, targeted use of these resources for mitigation and adaptation interventions - increasing efficiency and productivity before the need for expensive retrofitting and remediation - can be successful in addressing the effects of climate change in Vietnam. The upcoming visit of Prime Minister Dung provides an opportunity to highlight existing and new efforts in a way that maximize their public diplomacy impact. End Summary.

Vietnam Will Face Severe Climate Change Impacts

2. (U) A 2007 World Bank study listed Viet Nam as one of the top five countries most at risk from sea level rise. Vietnam's coastline stretches 3,260 kilometers, with major population, agriculture, and industry concentrated in two broad river deltas, the Red River in the north and the Mekong in the south. Already, Vietnam has witnessed increased temperatures and rising sea levels. The World Bank and the Intergovernmental Panel on Climate Change

(IPCC) each predict that a significant rise in sea levels in Vietnam (Note: World Bank and UNDP predict one meter, IPCC predicts 69 centimeters). A one meter rise in sea level would flood half a million square hectares of the Red River delta and from 15,000 to 20,000 km² of the Mekong River delta and would destroy 2,500 km² of mangrove swamps. Vietnam would lose five percent of its land, seven percent of agricultural output and ten percent of GNP. Per UNDP, rising sea levels in Mekong Delta would expose 45 percent of land in Vietnam's 'rice basket' to extreme salt water intrusion and crop damage, reducing rice productivity by nine percent and eroding Vietnam's remarkable progress to alleviate poverty - especially as climate change is most likely to affect the poorest citizens. Eleven percent (over ten million) of Vietnamese would lose their homes - the largest impact in the developing world. Approximately 1,000 km² of cultivated farm land and sea product culturing area would become salt marshes. Expected changes in weather patterns will lead to worse flooding (and erosion) during the rainy season and more severe drought during the dry season, along with increased frequency and severity of typhoons (which already caused damage valued at \$ 750 million, or one percent of GDP, for 2007). Increasing water shortages and growing demand for water threaten water use conflicts. Other negative impacts include biodiversity degradation, increase and spread of human and plant pests and diseases, damage to fisheries and injuries to coral reefs

Increasing Vietnamese Greenhouse Gas Emissions

¶3. (U) According to the UNDP Human Development Report 2007/08, Vietnamese CO₂ emissions increased from 0.3 tons per capita in 1990 to 1.2 tons per capita in 2004, a 400 percent increase. The 25.8 percent annual growth rate was three times that of China and 12 times higher than the average world growth rate. Vietnam's share of global carbon dioxide emissions jumped from 0.1 percent in 1990 to 0.3 percent in 2004. The Asia Pacific Energy Research Center

HANOI 00000537 002.2 OF 005

predicts 6.2 percent annual growth in CO₂ emissions over that time period. The Vietnamese Ministry of Natural Resources and Environment (MONRE) predicts CO₂ emissions of 268 million tons by ¶2020. (Note: fossil fuel burning also causes other air pollution issues in major Vietnamese cities).

¶4. (U) As its energy consumption has grown, Vietnam has become increasingly dependent on fossil fuels (coal, oil and natural gas). Currently constituting 42 percent of Vietnamese energy generation, fossil fuels are expected to constitute 69 percent by 2030. Consistent with projections for continued rapid economic growth, the GVN and industry observers expect that Vietnamese power demand will increase steadily - up to 17 percent annually over the next two decades. To meet that demand, Electricity of Vietnam (EVN), the state-owned power generation authority, forecasts that Vietnam will generate nearly 26,000 megawatts by 2010. By 2025, EVN expects to generate 85,411 megawatts, over three times current generation capacity. The Ministry of Industry (MOI) projects total coal consumption to reach 29-32 metric tons in 2010, 47-50 metric tons in 2015, 69-72 metric tons by 2020, and 112-115, metric tons in 2025. By 2025, coal generation will increase by nearly sevenfold to 35,750 megawatts and will form Vietnam's largest source of domestic energy -- 42 percent of power production. Between 1998 and 2005, Vietnam signed more than 50 petroleum contracts with international oil companies to develop oil and gas resources and is planning a major refinery as well as gas-fired power plants. Motor vehicle usage will continue to skyrocket, leading to additional emissions. Per official statistics, as of December 2006, Vietnam had over 21 million motorbikes (one for every four citizens, though observers believe that figure may under-represent the actual number). Vietnam is the fastest motorizing nation in the world with motorbikes increasing by 15 percent (about two million units) each year.

Now Is the Time to Intervene

¶5. (U) Vietnam's economy continues to boom with average annual economic growth of 7.5 percent during the last decade and 8.5 percent growth in 2007. The GVN aims to enter the ranks of

middle-income developing countries by 2010 and achieve industrialized country status by 2020. Goldman Sachs recently predicted continued eight percent annual growth through 2020 leading to a higher per capita GDP than Indonesia and the Philippines. As noted above, Vietnamese industry and power generation will explode to support this sustained economic growth. Therefore, now is the time to intervene in Vietnam - before the need to spend greater amounts to remediate and retrofit. The United States can help Vietnam get it right the first time by working to increase the efficiency of energy generation and the productivity of industrial processes. We can help reduce emissions before they reach problematic levels.

The Government of Vietnam Is Committed

¶6. (U) In the past, Vietnam consistently joined international climate change efforts and now has initiated a strong internal effort to address climate change. Vietnam signed the UN Framework Convention on Climate Change (UNFCCC) on November 16, 1994 and ratified it on August 20, 2002. In March 2002, Vietnam conducted the National Strategy Study to assess the country's GHG emission reduction potentials and costs. Vietnam established the Clean Development Mechanism National Executive and Consultative Board on April 29, 2003 to approve projects eligible for CDM. Through June 2007, the CDM had approved nine project design documents for CDM projects with another 30 in the pipeline. Vietnam ratified the Kyoto Protocol on May 29, 2005.

¶7. (SBU) Prime Minister Nguyen Tan Dung raised climate change at his last meeting with the "Consultative Group" of international donors

HANOI 00000537 003.2 OF 005

in December 2007. Over the next few months, the GVN quickly jumped into action, tasking MONRE with spearheading the creation of a National Target Programme on Response to Climate Change (NTP) - the national strategy to address climate change. On March 28, 2008, the GVN cabinet met to review the first draft of the NTP, with a second draft sent to the Cabinet last week. We expect the NTP to receive approval from the Office of Government and move to the National Assembly within the next month or two. Early drafts of the NTP comprehensively discuss impacts - water, agriculture, forestry, fisheries, energy and transportation, human health, as well as Vietnam's need to limit greenhouse gas emissions and import better technologies. MONRE Minister Pham and Vice Minister time have repeatedly requested climate change assistance from Ambassador Michalak, with a particular interest in financing mechanisms for adaptation and mitigation efforts (Refs A and B).

¶8. (U) Other Vietnamese policies and laws buttress its commitment to reducing its carbon footprint. For example, the new Vietnamese National Energy Policy focuses on environmental conservation and sustainable development, energy efficiency, and developing new and renewable energy sources. Several recent GVN energy efficiency decrees, decisions, and circulars have urged energy saving and efficiency. Other GVN agencies have initiated their own responses to climate change. The Ministry of Agriculture and Rural Development (MARD) recently announced a 1.9 trillion dong (approximately USD 120 million) plan to cope with impacts of climate change on the farming sector and, through its Forest Protection Bureau, has developed significant reforestation plans. Finally, in March 2008, the GVN approved a national pilot policy and program on payments for ecosystem services (PES) 2008, the first of its kind in Asia. USAID, through its Asia Regional Biodiversity Conservation Program, is currently working with GVN to incorporate payments reductions in forest-based greenhouse gas emissions into the national PES scheme.

Vietnam: A Steady Partner in International Efforts

¶9. (SBU) Vietnam plays a leading role in international global health initiatives. As one relevant example, international donors hold Vietnam up as a model for its response to avian influenza, both for its strong domestic initiatives and for its consistent participation in global efforts. Learning from its experience with Severe Acute

Respiratory Syndrome (SARS), the GVN took quick action to contain avian influenza, and has been rewarded with a notable drop in the number and intensity of animal outbreaks and human infections. Through the Partnership on Avian and Human Influenza, Vietnam works closely with donors to develop a comprehensive and sustainable response to avian influenza. Unlike Indonesia, Vietnam remains committed to sample sharing and coordinating with international vaccine efforts.

A Broad and Fruitful History of U.S.-Vietnam Cooperation

¶10. (U) The GVN sees the United States as a critical source of financial and technical assistance in many areas. Over the past ten years, Washington has effectively invested limited aid dollars to support Vietnam's transition to a market economy by strengthening trade liberalization. Two USAID-funded programs, the Support Trade Acceleration (STAR) and the Vietnam Competitiveness Initiative (VNCI), both have had great success in their support for Vietnam's efforts to create a modern market economy and the requisite legal framework. Last September, pursuant to the U.S. National Nuclear Security Administration's (NNSA) Global Threat Reduction Initiative (GTRI), the USG brokered cooperation with the Russian Federation and the International Atomic Energy Agency (IAEA) to assist Vietnam in converting its only civilian nuclear reactor from high to low enriched uranium fuel and return spent high enriched uranium to

HANOI 00000537 004.2 OF 005

Russia. NNSA continues to assist Vietnam to develop the necessary physical and regulatory safeguards to establish a civilian nuclear power sector. Finally, the United States and Vietnam have a long history of collaboration on health issues, including HIV/AIDS, avian influenza, and the fight against other infectious diseases. We work very closely with our GVN counterparts and have been consistently impressed with their skills and engagement.

We Can Build on Existing Climate Change Collaboration

¶11. (U) For a number of years, USAID has supported efforts to help address Vietnamese environmental issues. From 1993 to 2005, USAID's U.S.-Asia Environmental Partnership program developed a number of activities in Vietnam, including the promotion of cleaner energy production and cleaner fuel standards. USAID's regional Eco Asia program now focuses primarily on cleaner coal technologies and promoting the standardization and increased usage of compact fluorescent light bulbs. In 2007, Vietnam became the 20th nation to join the U.S.-led Methane to Markets Partnership, an international initiative that advances cost-effective, near-term methane recovery and use as a clean energy source. Since 2005, USAID has supported the USD 5 million Asia Regional Biodiversity Conservation Program (ARBCP), which has been instrumental in developing the new national payment for ecosystem services (PES) policy. Currently, USAID is extending this program, with additional funding, through 2010, including a specific focus on integrating forest carbon into the PES system, and establishing systems and capacities for monitoring the impacts of climate change on key river systems. The United States Forest Service (USFS) has worked for several years on forestry projects in Vietnam, often in partnership with USAID initiatives. On April 22, 2008, USFS signed a Letter of Intent with the Vietnamese Forest Protection Department for future cooperation that included a specific reference to climate change. The United States Geographic Survey (USGS) has begun to work with Vietnamese environmental scientists to study the health of the Mekong Delta in the face of climate change and the National Oceanic and Atmospheric Administration (NOAA) continues to work on coastal management issues in northern Quang Ninh province.

U.S. Efforts Can Plug Into Multilateral Initiatives

¶13. (U) Earlier this year, several donors, including the United States, formed a committee to coordinate climate change efforts in Vietnam. Representatives from over twenty countries, international organizations and NGOs have met to review GVN initiatives and to

begin to discuss multilateral and bilateral assistance. Chaired by the Danish Ambassador and the Resident UN Representative, the committee has provided input to the draft GVN NTP and has begun to coordinate assistance programs. The Dutch Government and UNEP have funded a capacity development program for Clean Development Mechanism (CDM) projects in Vietnam and the GVN worked closely with the World Bank, UNDP, and Danida in drafting the initial NTP.

Vietnam Can Serve as a Model
for Interventions Elsewhere

¶14. (U) The United States can leverage assistance to Vietnam to support broader climate change initiatives. We can use Vietnam as a laboratory to devise programs and practices that we can then modify and adopt to other Southeast Asian nations or to Vietnam's larger regional neighbors, China and India. The GVN's sustained history of adopting innovative solutions to a variety of national issues, make it a natural location to work on climate change. Vietnam has been a model for avian influenza and HIV/AIDS responses. We believe it could fulfill the same role with climate change. The success of other U.S. environmental initiatives has already spawned requests for similar programs abroad. For example, recent progress on

HANOI 00000537 005.2 OF 005

payments for ecosystem services (PES) under the USAID-supported ARBCP, discussed above, have resulted in requests from the governments of Cambodia and Lao PDR for ARBCP assistance to develop their own PES policies and projects. The GVN's demonstrated resolve, creativity, flexibility, and openness to cooperative partnerships, combined with its ability to quickly implement policy initiatives, make it possible to initiate innovative programs and approaches here that may be scaled up for application in China and India.

If We Decide to Collaborate,
Now Would be Good Time to Act

¶15. (SBU) Vietnamese Prime Minister Nguyen Tan Dung plans to visit the United States at the end of June. This could create a possible setting to announce a package of climate change related initiatives. We have already detailed several mitigation and adaptation proposals in correspondence to various U.S. agencies (Ref C) and ask that these agencies strongly consider these or other ways to support Vietnamese climate change initiatives.

MICHALAK